BANK INVESTMENT FUND

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Letter of Comment No: 154
File Reference: EITF03-1A

October 27, 2004

Mr. Lawrence Smith
Director and Chairman of the Emerging Issues Task Force
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856

Re: Proposed FASB Staff Position, EITF Issue 03-1-a, Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments."

Dear Mr. Smith:

The Bank Investment Fund (BIF) thanks you for the opportunity to comment on the Proposed Staff Position by the Financial Accounting Standards Board referenced above. BIF is an investment company that invests and manages two mutual funds for over 100 eligible investors consisting of Massachusetts chartered co-operative banks, savings banks, trust companies and federally chartered S&L's whose principal place of business is in Massachusetts

As an investment company, it is imperative for BIF to make sure that the accounting treatment of mutual fund investments is both fair and accurate. We thank you for delaying the effective date of this rule in order to allow us and others to comment.

FASB's earlier guidance could require our investors to recognize losses when the value of their investments is affected by changes in interest rates. Issues of impairment, write-down and overall portfolio tainting should not be widespread and result from mere changes in interest rate cycles. Such action should be considered in the rare instances of default in principal and interest payments. FASB should exercise great care and avoid liquidation accounting. The concept of "going concern" accounting should be retained and consistently supported by the accounting profession.

The market value adjustment to the balance sheet only on Available for Sale securities under FASB 115 is more than sufficient. Further extensions will only serve to make financial statements more incomprehensible by adding increased volatility to the P&L. We recommend that the guidance be withdrawn or otherwise exempt banks, insurance companies, mutual funds and other financial institutions.

Very truly yours,

William F. Casey, Jr.
President

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